

Office of Attorney General Terry Goddard



STATE OF ARIZONA
DEPARTMENT OF LAW
1275 W. WASHINGTON STREET
PHOENIX, ARIZONA 85007-2926
WWW.AZAG.GOV

ANDREA M. ESQUER
PRESS SECRETARY
PHONE: (602)-542-8019
CELL PHONE: 602-725-2200

Scam Alert: "Wrong Number" Scam is Back

(Phoenix, Ariz. – November 1, 2004) The "wrong number" telephone stock scam is once again surfacing around the country, Attorney General Terry Goddard warned Arizona consumers. The "wrong number" telephone stock scam uses phone answering machines and voice messaging services to provide phony stock tips. Consumers need to be extra careful when receiving unsolicited stock information.

The scam works like this: A caller appears to have dialed your number by mistake and leaves a message pretending to be a hot insider stock tip about a company planning to make a big announcement that will cause its stock price to skyrocket. The message will urge a quick purchase before the price goes up.

"This scam is a variation on the 'pump-and-dump' scam, where scammers promote shares in a small company they already own," Goddard said. "Scam artists usually promote so called 'penny stocks' selling for less than \$1 per share. Once victims begin purchasing shares and the stock price increases, the scammers will dump their shares and pocket the profits. The price then falls, leaving everyone else with potentially significant losses.

In the past, scam artists using the pump-and-dump scams used Internet message boards, chat rooms and spam e-mails to spread their deception. The "wrong number" phone message is a new spin on this scam and the messages can be very convincing.

Goddard warns potential investors to always be wary when approached with a hot stock tip. People who receive such calls or any other unsolicited stock advice should always check out the company with the U.S. Securities and Exchange Commission, their stockbroker, or a trusted financial advisor to verify any claims.

Visit the Attorney General's Web site at www.azag.gov for additional information about scams.

###